

**Department of Administration
State / Municipal Police and Firefighters
Incentive Pay Programs
Performance Audit
Fiscal Year Ended June 30, 2000**

**DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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Department of Administration
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EXECUTIVE SUMMARY

The State/Municipal Police need to acquire 60 points for an associate's degree and 120 points for a baccalaureate degree, and the Municipal Firefighters need to acquire 70 points for an associate's degree and 140 points for a baccalaureate degree. One point is the equivalent of one semester hour credit obtained from an institution of higher learning. The degrees are the basis for annual incentive pay increases.

We noted 13 of 558 police officers and 174 of 318 firefighter personnel received the incentive increase for degrees that did not match the credit hours as required by the Rhode Island General Laws. Further analysis of the firefighters program disclosed that 119 of 174 firefighter personnel would have met the credit hour requirements established for the police officers.

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December 13, 2001

Robert L Carl Jr., Ph.D., Director
Department of Administration
One Capitol Hill
Providence, RI 02908

Dear Dr. Carl:

We have completed a performance audit for the State/Municipal Police Incentive Pay and the Municipal Fire Incentive Pay Programs administered by the Department of Administration for the fiscal year ended June 30, 2000. The findings and recommendations included herein have been discussed with management and we have considered their comments in the preparation of our report. Management's responses to our recommendations are included in this report.

In accordance with Section 35-7-4 of the Rhode Island General Laws, we will review the status of the department's corrective action plan within six months from the issue date of this report.

Sincerely,

Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pp

Department of Administration
State/Municipal Police and Firefighters Incentive Pay Programs
Performance Audit
Fiscal Year Ended June 30, 2000

INTRODUCTION

Objectives, Scope and Methodology

We conducted a performance audit of the State/Municipal Police and Fire Incentive Pay Programs administered by the Department of Administration for the fiscal year ended June 30, 2000. Where relevant, we included information for the fiscal year ended June 30, 2001. Our objectives were to determine compliance with laws and regulations and if management administered the programs by protecting and using resources economically and efficiently.

Our audit was made in accordance with the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors and included such tests of the accounting records and such auditing procedures as we considered necessary in the circumstances.

We evaluated the internal control structure of the programs and reviewed the policies and procedures developed by the department to administer the State/Municipal Police and Fire Incentive Pay Programs. The formulation of the findings and recommendations contained in this report were based on our review and analysis of state laws and regulations; interviews with personnel and tests of the effectiveness of policies and procedures followed to ensure compliance with applicable laws, regulations and procedures; and reviewed data submitted by state, city and town officials for employees participating in this program.

The findings and recommendations included herein have been discussed with management, and we have considered their comments in the preparation of our report. Section 35-7-4 (c) of the Rhode Island General Laws requires the auditee to respond within 60 days to all recommendations in this report. Managements' response to our findings and recommendations were submitted on December 10, 2001, and are included in our report.

Background

Municipal Police Incentive Pay Program: Section 42-28.1 of the Rhode Island General Laws establishes the Municipal Police Incentive Pay Program. The purpose of this program is to provide financial compensation to members of the state, city and town police departments, sheriffs and deputy sheriffs, members of the Rhode Island marshals' unit, Rhode Island capitol police, park police and conservation officers in the Department of Environmental Management, and the state fire marshal and deputy fire marshals who have earned college credits in the field of police work. On or before September of each year, each of the chiefs of the various agencies provides a list of all members of their respective agencies who have received incentive credits to the Department of Administration. Section 42-28.1-6(a) allows for the ratable reduction in incentive programs if annual appropriations are not sufficient to fully fund the program. The ratable reduction provision was first used was in fiscal year 1992; prior to that the program was fully funded.

For state employees, the incentive payment is made by the agency for which the employee works and funds are included in the agency's respective budget. The 125 state employees participating in the incentive program received \$46,592.64 or 19.296 percent of the incentive amount earned for fiscal year 2000. A breakdown of the monies allocated to the various State Departments is as follows:

Department	Employees	Police Incentive	State Incentive	Total
Capitol Police	14	\$ 5,775.12	\$ 3,347.00	\$ 9,122.12
DEM	17	2,178.40	14,242.00	16,420.40
Fire Safety	8	2,894.40	1,318.00	4,212.40
Kent County Sheriff	3	1,573.12	260.00	1,833.12
Newport County Sheriff	8	3,477.20	1,613.00	5,090.20
Providence County Sheriff	16	7,125.40	593.00	7,718.40
State Marshal	24	9,386.44	2,362.00	11,748.44
State Police	29	10,805.76	0.00	10,805.76
Washington County Sheriff	6	3,376.80	0.00	3,376.80
Totals	125	\$ 46,592.64	\$ 23,735.00	\$ 70,327.64

State employees participating in the program are limited to receiving incentive payments equal to the greater amount of either the police or state incentive program.

The state makes direct payments to the municipalities for municipal employees. The municipalities then make payments to the individual participants in the program. There were 558 municipal employees participating in the program who received \$602,779.48 or 19.296 percent of the incentive amount earned for fiscal year 2000.

Annual appropriations have increased 10 percent for the fiscal years 1998 through 2001.

Fiscal Year	Amount
1998	\$ 500,000
1999	550,000
2000	605,000
2001	665,500

Incentive pay is based on a point system, which is related to the individual's level of educational attainment (see below). The individual must be enrolled in a law enforcement degree program and take a minimum of nine credit hours per year and receive a degree within six years of receiving the first credit under the incentive program. The state fire marshal and deputy fire marshal can be granted incentive credits for a degree with a concentration in fire science, instead of law enforcement or criminal justice.

Municipal Police Incentive Pay Program Point System		
Incentive Step	Incentive Amount	Points Acquired
1	\$1,000	30 points
2	2,000	60 points for Associate's Degree in Law Enforcement
3	3,000	120 points for Bachelor's Degree in Law Enforcement or Criminal Justice
4	4,000	Juris Doctor, Masters Degree in Law Enforcement ¹
¹ (Provided the participant achieved a Bachelor's Degree in Law Enforcement, Criminal Justice, or Law.)		

Municipal Firefighters Incentive Pay Program: Section 42-28.4-1 of the Rhode Island General Laws established a Municipal Firefighters Incentive Pay Program. The purpose of this program is to provide financial compensation to members of the municipal fire departments and fire districts, the Cumberland rescue department, and emergency service technicians from the Town of Lincoln who have furthered their education at the college level. On or before September of each year, each of the chiefs of the various agencies provides a list of all members of their respective agencies who have received incentive credits to the R.I. Department of Administration. Section 42-28.4-5(a) allows for the ratable reduction in incentive programs if annual appropriations are not sufficient to fully fund the program. The ratable reduction provision was first used in fiscal year 1992; prior to that the program was fully funded.

The state makes direct payments to the municipalities for municipal employees. The municipalities then make payments to the individual participants in the program. There were 318 municipal employees participating in the program who received \$302,746.95 or 24.795 percent of the incentive amount earned for fiscal year 2000.

Annual appropriations have increased 10 percent for the fiscal years 1998 through 2001.

Fiscal Year	Amount
1998	\$ 250,000
1999	275,000
2000	302,500
2001	332,750

Incentive pay is based on a point system which is related to the individual's level of educational attainment (see below). The individual must be enrolled in a program with a concentration in fire science and take a minimum of nine semesters per year.

Municipal Firefighters Incentive Pay Program Point System		
Incentive Step	Incentive Amount	Points Acquired
1	\$1,000	30 points
2	2,000	70 points for Associate's Degree
3	3,000	140 points for Baccalaureate Degree

State/Municipal Police and Firefighters Incentive Pay Programs
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FINDINGS AND RECOMMENDATIONS

Credit Hour Requirements

Section 42-28.1-4 of the Rhode Island General Laws for the Municipal Police Incentive Pay specifies that the credit hour requirements that state and municipal police officers need to acquire 60 points for an associate's degree and 120 points for a baccalaureate degree. One point is the equivalent of one semester hour credit obtained from an institution of higher learning. However, Section 42-28.4-4 of the Rhode Island General Laws for Municipal Firefighters Incentive Pay specifies that the credit hour requirements that firefighters need to acquire 70 points for an associate's degree and 140 points for a baccalaureate degree. Again, one point is the equivalent of one semester hour credit obtained from an institution of higher learning. The degrees are the basis for annual incentive pay increases.

We noted that 13 of 558 police officers and 174 of 318 firefighter personnel received the incentive increase for degrees that did not match the credit hours as required by the Rhode Island General Laws for the respective program. Further analysis of the firefighters program disclosed that 119 of 174 firefighter personnel would have met the credit hour requirements established for the police officers. A R.I. Department of Administration program administrator approved the step increases based on the degree earned and not the credit hours received as required by statute.

In addition, Sections 42-28.1-6 and 42-28.4-5 of the Rhode Island General Laws state that requests for payment should be submitted to the chief of classification and training, division of personnel. The chief of classification and training position no longer exists in state government. The current comparable positions identified in the Governor's Budget Personnel Supplement for fiscal year 2001 are the Chief, Merit Selection and Classification or the Coordinator of Training. It is our opinion that the language in the Rhode Island General Laws be updated to reflect that requests for payments be submitted to the State Personnel Administrator.

Recommendations

1. The Department of Administration should have legislation introduced to the general assembly revising Sections 42-28.1-4 and 42-28.4-4 to either eliminate or unify the credit hour requirements.

Managements' Response: Agree

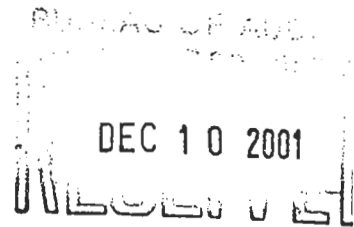
2. The Department of Administration should have legislation introduced to the general assembly revising Sections 42-28.1-6 and 42-28.4-5 to require Police and Fire incentive payments be submitted to the State Personnel Administrator.

Managements' Response: Agree



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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November 23, 2001

Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits
Department of Administration
Bureau of Audits
One Capitol Hill
Providence, RI 02908

Re: CEIP Audit

Dear Mr. Cooper:

The Office of Personnel Administration is pleased to provide its comments in response to the bureau's draft report entitled State/Municipal Police and Firefighters Incentive Pay Programs/Performance Audit, Fiscal Year Ended June 30, 2000


Recommendation #1: The Department of Administration should have legislation introduced to the general assembly revising Section 42-28.1-4 and 42-28.4-4 to either eliminate or clarify the credit hour requirement.

Response: Agree. The Department of Administration has and shall continue to submit legislation to clarify the statute (RIGL 42-28.1-4 and 42-28.4-4).

Recommendation #2: The Department of Administration should have legislation introduced to the general assembly revising Sections 42-28.1-6 and 42-28.4-5 to require Police and Fire incentive payments be submitted to the State Personnel Administrator rather than the "Chief of Training" position currently identified.

Response: Agree. The Department of Administration has and shall continue to submit legislation to clarify the statute (RIGL 42.28.1-6 and 42-28.405).

Sincerely,


Anthony A. Bucci
Personnel Administrator

:daj
cc: Sue Piche'
Peter Dennehy